

**Lt. Governor Skillman's Remarks at the
Indianapolis Rotary Club
Indianapolis, IN
February 8th, 2011**

Thank you! It's great to be out of the statehouse for awhile. I don't leave all that often while legislature is in session. I stay busy as President of the Senate and shepherding the Governor's legislative agenda. So even if it's just a few minutes away, I'm glad to be out and about here today with you.

I was just with the Evansville Rotary two weeks ago. It's always encouraging to see the good things Rotarians are doing in Indianapolis, statewide and even globally.

Your group is focused on more than business networking. You're doing great things around the world with fundraising for polio vaccinations. You are continually engage locally, and make a difference through community service (and the many untold stories that happen off the record). Thanks for all you do for central Indiana and for our entire state.

After six years, Governor Mitch and I are not slowing down. We know you are moving full speed ahead to make your businesses and the community more prosperous than ever. And we are working just as hard to make state government more efficient, and to maintain our competitive edge among the states.

We're operating with the fewest number of employees since 1978, (most of the downsizing through attrition) and many agencies have been cut by 15 to 25 percent.

In Indiana efficiency is growing. Waste is shrinking. And opportunity is knocking.

We have greater opportunities now than ever before to build on this foundation. Six years ago at our first inauguration, Governor Mitch talked about raising a barn in Indiana; a structure of strength for a prosperous future.

We have gone a long way toward that goal. We've laid a sturdy foundation of fiscal health. We've constructed a framework of economic growth that reaches from north to south and east to west.

And we are committed to do everything in our power to maintain our solid economic foundation. I believe we have done that, and in some cases even gained ground thanks to the strength of character and spirit of Hoosiers.

ECONOMIC DEVELOPMENT

The proof is everywhere; from our hard-won and maintained AAA credit rating, to the ongoing national and international recognition of the business climate here. And Indiana has been among the leaders in private sector job growth in 2010.

Last year job growth was twice the rate of national job growth. Hard to imagine, but 2010 was our strongest year yet for new job commitments since Governor Mitch and I came to office.

We continue to work with companies that are seeking to locate or expand here in Indianapolis. The state's Economic Development Corporation has worked with companies in technology, life sciences, manufacturing and logistics just in the past few months. We recently announced an expansion with VMS, a bio-marketing company with Indy operations. They're expanding and creating up to 102 new jobs and investing more than \$1.5 million.

And just the day before that announcement, I joined executives from Aero Engine Controls, out by the airport, an aerospace engineering firm, to announce their expansion, 159 new jobs, investing nearly 3M.

All of these things; from jobs announcements to our state's fiscal health, form our strong foundation. And the coming months will bring opportunities to build on what we've started.

You know the old parable about the foolish man who built his house on the sand and the wise man who built his house upon the rock? When the storm came, only one of the two was left standing.

I often look to that story to remind myself of what we are trying to do in state government. The storm has hit our nation hard for the last two years. And as I read about new state executives taking office across the country, all the articles talk about the mountains of debt they face, the rising taxes they must halt or not, and the culture of corruption they must clean.

Our neighbor, Illinois, just raised the corporate income tax, individual income tax and the cigarette tax by extraordinary amounts. This makes their business climate much less welcoming. You may think it's unfortunate that it becomes a competition among the states, always true, never more so than during tough economic times.

Of course Indiana has some challenges ahead. But because we began building a sturdy foundation six years ago, we are not starting 2011 from scratch.

LEGISLATIVE AGENDA

We are now in the fifth week of legislative session with more opportunity to move forward. We're focusing on improving education, putting taxpayers first, and strengthening our assets. But the chief responsibility is to adopt the state's budget for the next two years.

This constitutional responsibility will not be easy, but it is doable and manageable. There are some positive signs: sales tax collections are up considerably and individual income tax collections are up

compared to this time last year. It's true we are today more than \$1 billion short of projected revenues for this current budget. But we've already made a commitment to live within our means and not raise taxes. I believe that is welcome news to families and businesses that have struggled.

We have done a lot as a government to tighten our belts already. I mentioned that state agency budgets have been reduced by as much as 25 percent in an already lean state government (which means we have shrunk the base of the budget going into this budget-adopting session).

So the first order of business is to pass our fourth consecutive honestly balanced budget. No gimmicks; like delayed payments to schools, universities or local governments. Or raids on the pension funds. Our goal is to protect the reserve. And create structural balance by the second year of the budget.

Other initiatives. Although we won't likely have reason to use it soon, we propose an automatic taxpayer refund in the future. If the surplus accumulates to an amount beyond a healthy reserve, (amount to be determined by legislature) revenue would be returned to the taxpayers. We'll let Hoosiers pump that money back into the economy, rather than let government use it.

Another way to ensure our long-term economic health is to have a future workforce that is well educated. So we have a heavy focus on strengthening public education. Indiana's public schools have produced many success stories, but the needs are greater today. And the competition is more intense around the country and the world. We will focus on putting students first, and regaining local control of our schools.

It's plain to see we are not meeting national standards – just a third of Indiana's 8th graders are passing assessments for math and reading. We're not even competing with other states like, Massachusetts, and we are far behind countries like Taiwan.

We will work toward a better evaluation method for teacher quality and reward the best teachers. We are trying to move away from a system that is based solely on seniority.

We also need to hold schools accountable for results. There is a provision in state law that allows the state to intervene in chronically failing schools. But there is little to no direction for the state on how to do this. This is one assignment for the legislature this year.

We want more flexibility at the local level, so we're looking at the tremendous amount of rules and regulations that tie the hands of administrators - things that detract from putting students first.

Our first priority is making public education the best it can be. And we are supportive of having as many educational choices as possible for parents and students.

We'd also like to see the 12th year scholarship become a reality. It's possible for some students to finish graduation requirements in 11 years. Rather than paying for kids to take two study halls and three PE classes in their senior year, why not provide that money the state would spend on the last

year of school and allow students to put it toward higher education? That's a good choice to have, and it's one we'd like the legislature to turn into law.

Other priorities. Some duties we must fulfill: fair redistricting plan and express authority for more public-private partnerships (particularly to allow us to move forward on infrastructure projects).

STELLAR COMMUNITIES

These are important decisions that will have a lasting impact on how state government operates. We can make it work better or we can complicate it.

I think government works best when it is intentional. It can be efficient and effective as long as it is strategic. That's why I am introducing a new initiative called Stellar Communities.

I oversee a number of capacity building agencies in state government – that is, agencies that help communities plan strategically and reach their development potential. The Office of Community and Rural Affairs, the Indiana Housing and Community Development Authority, the Office of Energy and other state agencies all distribute millions of dollars to communities every year. The money goes for projects ranging from planning grants to capital projects to neighborhood stabilization.

With the influx of federal money and more importantly of disaster recovery money from the 2008 storms (82 of 92 counties declared disaster areas), my agencies have administered over a billion dollars. And when you suddenly have to administer that kind of money, it becomes obvious fast where improvements can be made.

In hindsight state government has always had a piecemeal approach to distributing funding to communities. In a city, state agencies would fund a storm water project one year, a new fire engine another year, a community center the third year and so on. It got the job done, but it left no room for local leaders to look toward long-term, strategic planning.

Stellar Communities addresses that kind of inefficiency. I brought together some of the agencies I oversee, along with the Indiana Department of Transportation and the Indiana Finance Authority. Working together now, these agencies will communicate better, collaborate effectively, and invest strategically in communities.

We've asked cities and counties across the state to send us their comprehensive development plans. And we'll soon be announcing the Stellar Communities pilot projects.

There will be benefits for small towns and big cities alike. Indianapolis and Marion County have been on the receiving end of more than \$375 million in grant dollars since 2005 from just the agencies I oversee.

CONCLUSION

In this economic climate we cannot afford to ignore any opportunity that would breathe new life into our communities and put more Hoosiers back to work. All of us are working toward the same goal, and that's a complete economic rejuvenation for Indiana.

We all have a part to play in that process. As the legislative session continues, I hope you'll be active getting your voices heard. You have a big delegation of legislators, many outstanding freshmen who are ready to make a contribution immediately. I know you will guide them in the right direction.

We need good people like you who want to get our communities moving forward and making us stronger than ever. Our growth, economic development and community development are ultimately in your hands. You are the ones who care about the future of our communities and the future of our state.

That's a big reason why Indiana will see a complete economic comeback. Thanks for all you do, and thanks for having me today.